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The solution of the social problem

Chicago

[1900]

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The solution of the social problem. By C. E. Dietrich. Chicago, The Schulte publishing co. [1900]

90 p. $19\frac{1}{2}$ cm. (The Ariel library series. no. 22)

Vol. of pamphlets.

1. Economics--~~Miscellanea.~~

Sept. 27, 1900–28

Only Ed





## TECHNICAL MICROFORM DATA

FILM SIZE: 35mm REDUCTION RATIO: 10:1 IMAGE PLACEMENT: IA IIA IB IIB

DATE FILMED: 12-8-97 INITIALS: PB

TRACKING # : 29892

FILMED BY PRESERVATION RESOURCES, BETHLEHEM, PA.

# The Solution of the Social Problem

By C. E. DIETRICH

THE ARIEL LIBRARY SERIES. No. 22. April, 1900. Published Quarterly
$1.00 per year.

SCHULTE PUBLISHING CO.
323-325 DEARBORN ST.
CHICAGO.

Price, 25c.

# THE SOLUTION

## OF THE

# SOCIAL PROBLEM

By C. E. DIETRICH.

CHICAGO:
THE SCHULTE PUBLISHING CO.
323-325 DEARBORN ST.

# PREFACE.

The social problem, which now interests all civilized nations, is a mooted question of long standing. We know from history that as far back as Aristotle's time learned men of influence tried to solve the riddle, but failed.

The economic evil is one of the problems of political economy. Since political economy is the science that treats of our own doings and there is nothing supernatural in it, the riddle is certainly solvable. I venture to say that any one who will read this pamphlet with an honest desire to learn the facts in the case will become convinced that the solution is now an accomplished fact.

There are men who would put under ban any knowledge that might affect the present social order. But there are, and for centuries have been, others who have sought the cause of the evil for the sole purpose of removing it, regardless of consequences. That they have failed, proves that the

cause lies where it is least expected, that the facts run against preconceived opinion. Hence, in order to reach that cause, my argument *must* run counter to general views; otherwise I would fail as others have failed.

There are statements in this pamphlet which make it necessary to inform the reader that it was written twenty years ago.

THE AUTHOR.

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# I. THE HIRING OF MONEY.

The inequality of men has been a riddle for thousands of years. Back to the time of Aristotle great and wise men have seen that this inequality has some unnatural cause; and, having the welfare of the people at heart, they have used their mental powers and their influence toward remedying the evil. But they have failed. Wars and rebellions have been the outcome of this evil; monarchies have been overthrown, and, *vice versa*, republics have been turned into monarchies—all in vain; the evil has kept on growing.

While but forty years ago only one millionaire was known, there are now hundreds in every large city. Poverty and misery increase at the same rate.

Everything works naturally. Whenever logical reasoning will not solve a question it is because we reason from false premises. The principal error in the social problem is the belief that brainwork, money and property are productive, and that hence men of intelligence and those who own property to some extent can exist without performing manual labor, without rendering any service whatsoever.

If such were the case, the inequality of men would therein find an explanation, for our mental abilities are unequal, and this fact would bring

about inequality of our outward circumstances. But brainwork can only produce ideas, designs, plans; and these leave the thing unproduced.

I do not underrate the value of brainwork. I only say it does not consummate, it does not give corporeal existence to any of the necessaries of life. Brains furnish food for the mind, but the social problem is one of food for the body.

Brains direct every motion the hands make in productive work, but money and property can not produce anything, can not even aid in production. Give the most intelligent man a thousand acres of the best land and a million dollars of money, and isolate him, so that he can get none of the products of other men's labor, and he will soon work or starve, thus furnishing the actual proof that all men are dependent on manual labor for their existence.

Nature does not oblige A to produce the necessaries of life for B any more than it obliges B to produce them for A; and since nature can not be cheated out of a living—nature demands the labor in advance—everybody must, by right, produce to the amount of his consumption.

He who does not produce as much as he consumes subsists on the products of others; and if he obtains such products without the knowledge and consent of those who have produced them, he exists through some sort of cheating.

Since the civilized state requires also unproductive labor, there are exceptions to this rule, but of these I will not speak now.

How much labor does nature demand of us for our existence? It simply requires us to produce



what we consume; no more, no less. If we still produced independently, that is, if every family produced what it consumed and consumed what it produced, independent of others, every man would know from experience how much labor it requires to support his family. But the times of dissocialed labor lie far behind us.

The people early comprehended that the necessaries of life can be produced more easily, in better form, and in less time, when the individual engages in but one thing or class of things; and gradually they took up the mutual mode of producing. This mode hides the amount of labor required by the individual. We no longer know it from experience, but we can find it by calculation.

Ask the weaver, tailor, farmer, shoemaker, how much labor, as regards time, is required to produce your annual supply of cloth, to produce shoes, etc., etc.; with things that last for years, as household furniture and the like, figure the annual consumption by the time they will last; add up all the items, and you will find that a man's labor, without the aid of machines, produces more in one hundred days than the average family consumes in three hundred and sixty-five days.

Hence, to support his family, a man must work one hundred days in the year, which averages two days a week or three hours each day. The man who labors ten hours every day hardly consumes one-third of his product. Since the other two-thirds are not consumed, nor given away, nor possessed by him, what becomes of the product?

Another, a correlative question, may bring us

nearer the solution. There are many who do not perform productive labor, they are not commissioned, they render no service whatsoever. Still they have superfluity and they get richer every year. How do they get wealth? Evidently their means of existing and of accumulating consist in the two-thirds which the laboring men daily miss.

By "cheating" we understand the willful acts or tricks of appropriating to one's self that which belongs to others. In the case of labor, suspicion of aim and intent is excluded by the fact that neither the cheated nor the cheaters know how the cheating is effected. Hence "cheating" is not the proper name for the operation. I only call it thus for want of a more appropriate word.

Nobody can cheat or be cheated without some means being applied, and those who will not touch the means the cheater can not reach. Since the laboring men everywhere, at all times, and without exception, have been deprived of a large part of their product, the means through which they are deprived consists in something of which all laboring men do make and always have made use. That "something" is money, for anything else through which all laboring men can and always could be reached does not exist.

Since nobody intends to cheat, since neither party knows how those two-thirds slip away from the laboring men and into the hands of non-producers, it is evident that we are dealing with an unknown, but universal and never-failing system of robbery—a system which nobody ever intended, but which nevertheless exists.



Such a system has grown out of the practice of hiring money. Proof that that practice is not as innocent as it is generally taken to be, lies in the fact that the rate of interest is restricted by law—harmless doings need no restriction. But a stronger proof lies in the fact that we mean to restrict it but cannot. While the law of Illinois, for instance, prohibits a higher interest than ten per cent, twenty, thirty per cent and even higher rates are drawn by professional money-lenders (the manner in which the law is evaded is too well known to need explanation here), and thousands have been deprived of house and home in that way.

Still, if the hiring of money did not have further bearing, it would be a matter of the borrower and the lender only; the poorer classes, because they are not trusted with loans, would not be affected thereby.

A direct consequence, however, of the hiring of money is the investing of money. Through this everybody, down to the poorest, is reached. Let us see how. The wool-grower, for instance, has so many thousand dollars invested in land, stock, etc. His investment must bring interest, and the only way to get it is to add it to the price of the wool.

Here the reader may say, he cannot do this, he has to sell his wool at market price. This is true, but further on we shall see that interest makes the market price.

The railroad company which forwards the wool to some manufacturing center has so many thousands or millions of dollars invested, and the law prescribes how much interest the stockholders may

draw on their investments. The manufacturer of the cloth, the wholesale dealer, the retailer—all have money invested; and since the interest is added by percentage, it becomes compound interest with every addition. Buying the cloth at, say, one dollar per yard, we pay about thirty or thirty-five cents for product, and sixty to seventy cents interest.

Here again the reader may ask, "Does the author expect the capitalists to furnish railroads and factories free of charge?" No, I must beg the student to read all before passing judgment on any part. After he has read the book through, he will know that I do not expect any such thing. The several parts of political economy are closely interwoven, but cannot all be explained at the same time. Therefore, if the reader finds statements which run against his opinion, I ask him to make a note of them and read on. He will be apt to find the required explanation.

Another, an indirect consequence of the hiring of money is rent. Being out at least sixty cents on every dollar they buy with, keeps the masses poor, deprives them of the means to buy or build houses for themselves. Consequently, they must rent. Renting to laboring men is like supplying the spring with water. The very ones who build the houses, create all wealth, (God's creations are no wealth), are the ones who pay the rent. The laboring men pay rent for their own *bona fide* property.

The worst of all the consequences of the hiring of money is demoralization. Moral law teaches us to help the poor. Interest makes the poor the helpers, forces them to help where no help is needed,



compels them to make the rich richer. Since interest makes money the means of consuming without producing, piling up values without creating any, it creates that insatiable greed of gain, avarice, which stimulates and drives to all sorts of foul means to get money.

The big frauds, the wholesale swindles are not committed because of need, like most of the small thefts, but for the love of money. For they are committed by rich men. That the thief gets not only the sum stolen, but, in the form of interest, even an annual premium on the theft—this is too tempting.

This interest system demoralizes even to self-robbery. Few of the rich enjoy the comforts riches afford. Instead they will "economize" and strain every nerve to get richer. It is common to read of cases of men who died in poorhouses and left riches in their coffers.

Contentment is said to be the climax of earthly happiness. The interest system makes contentment the exception. In fact, it makes it almost an impossibility. Here is an example from life, which I have witnessed myself. A farmer who had some work done at a shoemaker's grumbled at the charges, which resulted in the following dialogue:

Farmer—"In such hard times you ought to work cheaper."

Shoemaker—"A man who, like you, is clearing from three thousand to four thousand dollars a year has no reason to complain of hard times."

Farmer—"And do you suppose that three thousand dollars pays me for my work?"

Shoemaker—"It would satisfy me very well."

Farmer—"You—yes, because you work with almost nothing, but look at the capital I am working with."

Hereupon the farmer took his pencil and began figuring up the value of his land, buildings, stocks, machines, etc., and showed the sum of thirty-one thousand dollars invested.

"Now, look at it," he continued; "three thousand dollars does not even pay the interest on the investment, much less afford returns for my work. I keep close account. Last year, after I had taken out my interest, it left me just forty cents a day for my work. I am willing to pay you at that rate, but you won't accept it. I cannot hire a tramp for less than a dollar a day, but I—I must work for forty cents."

Reader, pause a moment. All of the things the farmer put a valuation on are used by himself. Since he has not rented or hired out any of them, who is owing him interest? Nobody.

What does the farmer give in return for the three, or four thousand dollars he pockets every year and calls interest? Nothing.

Convince the farmer that nobody is owing him interest and that all he makes he has for his work, and you will, perhaps, make him contented and happy.

Since now every acre of land, every building, ship, article of storegoods, animal, etc., is an investment and must bring interest, what an enormous sum is there to be paid every year without anything in return for it! And who pays it? As we have



seen before, the consumer. With him, though, it is not interest, but tribute he pays to capital; for he gets nothing for it. Investment interest is simply a premium on wealth.

Since all consume, all pay that tribute. But only the poorer classes are actually tributary. The booty is divided among the investors in proportion to their investments. He who has the most invested draws the biggest share, while the poor, because they have nothing invested, are left out of the distribution. Not even every investor becomes a gainer by the operation, but only those who draw more interest than they pay tribute. The turning point is where interest drawn just covers tribute paid. A man who lives in his own house and has money enough hired out or invested to bring him as much interest as he pays tribute gets along in this world just as everybody would if money had never been hired.

That interest system not only rewards cheating and theft, it actually punishes honesty. A man may refrain from taking interest and rent, but that will not relieve him from paying tribute. He must rob others to come out even. If Satan himself had been called on to help get up a never-failing and self-sustaining system of robbery he could not have studied out a more perfect one than the one that has grown out of the hiring of money.

Moneyseeks investment, but nobody will invest unless it pays the interest. As long as houses, for instance, rent high enough to pay a good interest on the investment, building will go on; but as soon as the rent falls short of that, building tenement

houses will cease. The lumber may rot, masons and carpenters lie idle, but nobody will invest in houses until the rent has come up to a figure which warrants the interest.

As with building, so with everything. Convince anyone that the investment he intends to make will not pay the interest, and he will not make the investment. This suspends your "law of supply and demand;" through governing the supply, interest makes the price. Look to prices the world over, and you find the prices to correspond to the rate of interest everywhere. Where interest is high, prices are high; where interest is low, prices are low.

But interest can not govern demand; hence, while interest makes the price, demand causes the fluctuation. Demand can raise the price, but a lower price than that which interest has made can not change, save in stagnations of business when capital does not get full interest.

The system which robs labor is after all very simple. In spite of all the misery it causes, that system has existed before everybody's eyes for many centuries without being seen. How can this be accounted for?

# II. CAPITAL.

Capital presents some queer features. It is loved and hated at the same time and by the same individuals; it is made party to a war, namely, the tongue and pen war of labor vs. capital; those who hate it the most make war on it, love and desire it the most; they would like to make it their captive —not to punish it, much less to annihilate it, but to possess, love and cherish it. This sounds strange, but is it not a fact?

"Cap tal" is from the Latin *Capitalis*, which is an adjective and means first in importance. As a noun "Capital" has no root in the ancient languages. The noun idea is but a few centuries old and originated with banking. The facts respecting capital, as I found them in my studies, run straight against preconceived opinion, so that stating them here would produce a wrong impression. However, since but a few centuries ago no such thing as capital was known and since writers on political economy are unable to define or limit capital, I venture to say, that capital is an abstract idea which denominates a property of the money, which property though, as we shall see hereafter, the money does not have. For the present I shall speak only of a part of capital, namely:—

## BUSINESS CAPITAL

Which, according to common belief, is money invested. Consulting Webster's Dictionary, we find that "invest" is from the Latin *investire*, which means to clothe, to put garments on. We never do such a thing with money, the idea is ridiculous. Then what is meant by "investing money"?

When John gives Peter two hundred dollars for a span of horses, they say John invests two hundred dollars in horses. According to that, giving money for something else is investing it. If money is invested because it has been given for something else, any other thing that has been given for something else is invested. If not, please give the reason why not. If John has his money in the horses, Peter has his horses in the money. If John is still entitled to the use (investment interest) of the money which is now Peter's, why should Peter be deprived of the use of the horses?

The total amount of money existing is by various authors estimated at eight billion to twelve billion dollars. Let it be ten times that sum. If you will figure up all that comes under the head of "investment" you will get a sum many thousand times larger than that of all the money existing. Now, can a man invest a thousand dollars when he has but one? If not, how did the people manage to invest many thousand times more money than they had?

Although according to our belief the people have invested even more money than there is in existence, there are, not minding the amount in circu-



lation, millions and millions of dollars lying in bank vaults uninvested. How is this possible?

The following illustration will explain that mystery. A gets in five thousand dollars, which he had hired out, and invested it in groceries, which he buys of B. B, who thus comes into possession of that money, invests it again by buying out C, the dry goods man, C, who now owns that money, buys out D, the druggist. Which one has now that money in his business? None of them. The money is now D's, the druggist, who is out of business. After that same money has been invested three times it is still out of use and ready to be invested again or hired out at interest.

"Ah," says my opponent, "these are only changes of property, they are the same investments first and last."

This is the very thing the illustration is meant to show—that sales and purchases are only changes of property and that the money is only the medium of exchange, the instrument by the help of which changes of property are effected. The sales and purchases in our illustration are not any different from all other sales and purchases. Since these are not investments, none are. The fact that B, C and D each had a stock of goods on hand does not alter the case, because the same money may have bought these goods before and can buy them again.

Still, you say, they are investments first and last. Please state where the investment takes its beginning—what act establishes the investment?

A, B and C, each claims that his investment must bring him interest. Whereon is interest due

them—on the goods that they keep for their own especial benefit, or on the money which is no more theirs?

The farmer we met at the shoemaker's, bought his land thirty-five years ago at five dollars per acre. He values it now at sixty-five dollars per acre, and claims that interest is due him on that amount, "because there is that much money in it." When or how did he invest the balance of sixty dollars per acre?

Money wherewith goods are bought becomes by that very act the property of another, the seller, and has consequently no further connection with the buyer nor the goods bought. As the auger is an instrument to bore holes, money is the instrument of exchange. As the same auger can bore many holes of the same size, the same money can exchange many stocks of goods of the same amount. And as the auger does not remain in the holes it has bored, the money does not remain in the goods it has exchanged. All the money existing is partly in circulation, and the rest stored away. Not a cent of it is or can be invested.

Says my opponent: "Nobody believes that the money is within the goods bought, but it required the money to get the goods. If the goods did not bring the interest which otherwise the money would, nobody would invest his money. He would hire it out and that would kill business."

This is making one crime the excuse for another. We have seen before, that the hiring of money is the foundation of a system of robbery which has its chief effect in investment interest.



Money does not produce anything, consequently it required something else to get the goods, namely, labor. The money was only required to exchange the goods.

You make losing the money interest the excuse for the investment interest. But the money keeps on drawing interest, for the seller who receives the invested money will hire it out. The goods bring interest without being hired out (remember that interest makes the price). Thus the invested money and the goods invested in both draw interest, but the labor which produced both the goods and the money is left out in the cold.

Stop the investing and you stop the hiring of money, for money is always hired to be invested.

Do you see the fallacy of your argument?

Since the money is not in, or in any way connected with the buyer or the goods bought, investment interest is simply a premium on wealth.

Whether the purchase is large or small the nature of it is the same. We buy things every day, hence know from experience that the money we have bought with is gone for good, and that there is no longer a connection between us and the money we have expended. In spite of our daily experience to the contrary, we take the investing of money for a fact. We actually believe what we are convinced is untrue. Does this not look as if something disturbed our brains in the exercise of their functions?

## BUSINESS.

In order that we may live, we must consume, and in order that we may consume, we must produce. If we could live without consuming, or consume without producing, no one would be busy; busyness, or business—the noun is derived from the adjective—would not be known. Consequently, business is production, or, with terms reversed, producing the necessaries of life is *the* business. Whether we shall produce them independently or mutually, as we now do, is optional. Nature does not dictate to us in the matter.

Independent production I call it when every family produces what it consumes, and consumes what it produces independent of others. That mode, because the product does not go out of his hands, secures to every producer the full amount he produces; but it keeps the mode of living down to simplicity. Each man can enjoy only what he is able to produce himself.

Mutual production is the mode of producing things for one another. This mode, because the individual devotes his ability and energy to the production of but one class of things, creates the mechanic, the artist. It thus enables us to produce the necessaries of life better, in a greater variety and by less toil. The different vocations or divisions of business are called trades.

A man's trade is his special business; he depends on his trade for a living This makes all producers dependent on one another. The shoe-



maker, for instance, depends on the tailor for his clothing, on the farmer for his produce, on the cabinetmaker for his furniture, etc., while the tailor, farmer and cabinetmaker depend on the shoemaker for their boots and shoes. Thus, every laboring man is producer and consumer, business man and customer all in one person. Since that dependence is reciprocal, the trades work harmoniously, like so many wheels in a machine. The one carries the other; the one exists through the others; they are as necessary to one another as they are dependent on one another. When one of them is injured or destroyed, a large class suffers, since it loses the capacity of patronizing the other classes. All suffer more or less in consequence.

Traffic is not one of the business divisions, because it does not produce anything. The dealer stands between producer and consumer and hands over the products. He performs the office of a servant. A servant is a necessary adjunct as far as service is needed, but anyone forcing himself on another, or on a community as a servant, is an intruder.

As far as we wish to make use of things which we cannot raise or manufacture at home, and which, therefore, must be brought from other countries, some transporting and exchanging medium is required.

Whether or not traffic in its present form is the proper agency may find its explanation in another chapter. At present we shall consider only that part of traffic which but forty years ago was not known, namely, traffic in the products of the

mechanic. Of this we still remember that the people got along as well, nay, better without it.

The mechanic is not bound to locality; he can produce anywhere. Consequently, dealing in his products is uncalled for. Such traffic is a sort of pilfering, because, while there is no need of it, it raises the prices of the articles without increasing their value; and—the dealer is not commissioned—it does it without consent of producer and consumer.

Is a suit of clothing, for instance, worth more because it went through the hands of dealers? It may have become shopworn, motheaten, faded, while in the dealers' possession, but that does not add to its value. If the suit is worth what the dealer sells it for, it was worth it ere he got it. Consequently, the producer of the suit has been cheated to the amount of the dealers' profit. If the producer has received the value of his product, the consumer is taxed to the amount of the profit. Whether the producer or the consumer is the victim is, collectively, of the same import, because every producer is a consumer.

Such traffic has now forced itself into every phase of business. The annual booty pocketed by such dealers amounts to millions in every city, and to thousands in every village.

But this is not all. Under the mutual mode of producing, the individual is skilled only in his trade, and, since the chance of returning to independent production is for him cut off, his trade is his only means of maintaining existence. Destroy the trades, and you make the mechanic a mendicant, or, at best, a wage serf.



And this is what such traffic is doing, or, rather, has done already. Glancing back into the time when no such traffic was known, we behold cities and towns full of life, full of business. The "clap" of the loom, the "tick and whiz" of tools in general is heard in every street. There are hatters, tanners, furriers, locksmiths, coopers, dyers, saddlers, in short, mechanics of every kind. Producer and consumer stand in close touch and provide each other with genuine articles, which they exchange direct; and the farmer finds a ready home market for almost anything he may raise.

True, they were tributary even then, for the chimera, capital, existed; but, since the millions now pocketed by uncalled for dealers remained in their own possession, they could afford to pay the tribute and support a family besides. If work and wages are all the laboring man asks for to make him happy, we may call him a happy people.

Now look at the present state of things. The country town is dreary, still, dead. There is perhaps a wagoner mending a broken wheel; a blacksmith shoeing a horse; sometimes a tailor or a shoemaker, patching up store goods. Only stonemasons and carpenters are occasionly found in numbers, because our "enlightened age" has not yet enabled us to deal in ready-made stone walls and houses.

Inquire in the business part of the town, and they will point you to a cluster of storehouses. The real business men, those numerous mechanics—where are they? In the factory. Are they now the happy people of forty years ago? Judging from

the way they obey the whistle which commands them to go to work, and from the abject submission they show to superiors, I should rather call them slaves. Are they still mechanics? The workmanship in the things we now buy shows sufficiently that the mechanic is gone and that the bungler takes his place. (Exceptions do not make the rule). They are factory hands. This tells it all.

In order that the people can derive a benefit from producing for one another, the different trades must be among one another, so that the products can be exchanged without difficulty and without heavy expenses. Whenever the expenses of exchanging the products exceed the gain in mutual production, the object of the latter is frustrated.

And this is what uncalled for traffic has accomplished. It has turned the mechanics into crowds of wage-serfs, each class to itself and away from the others. In consequence of this, the different things which constitute a family's needs are now brought from all parts of the country, and, since they go through the hands of a number of "investors," we pay three times as much for the exchanging of the products as we pay one another for producing them.

What excuse is there for such traffic? None whatever. It is carried on because "money seeks investment."

But does not wholesale manufacture necessitate such traffic and such unnatural grouping of the producers? Yes. But is wholesale manufacture necessary? Does it promote the welfare of the people? The clamor for work and wages, the periodical stagnations of business, and the impoverishment of the



masses prove the contrary. For thousands of years the people have produced all they needed (even more than they needed) without the help of steam engines. They are as capable now.

Still, the more we produce the better we ought to be supplied; the faster we produce, the more time ought to be left us for recreation and enjoyment. If machines enable us to produce twice as fast, they ought to reduce the hours of toil fifty per cent.

But experience has taught us, that the more we produce the less the producers have to enjoy; the faster they produce, the more steadily they must toil to get a living. What accounts for such unnatural results?

"Money invested." The investments swallow up more than is gained by using the machines. The raw material is shipped to the manufacturing place; the ready-made articles are sent back to where they are wanted. The dealers who attend to the shipping and re-shipping, as well as the transfer companies, have money invested; the machines, the buildings, the steam plants, the stock, each and all is an investment.

If all the expenses, including investment interest, were added to the prices of the articles manufactured in an open way, the price of the machine-made article would be higher than that of the hand-made. But this, machine producers dare not do because hand-made articles are generally preferred. So the matter is doctored up or adjusted by means of forgeries, adulterations and miserable workmanship. This brings about the "cheap, but poor." If

a machine-made article is sold ten per cent. cheaper than a hand-made, it is one hundred per cent. poorer, for all that investment interest has to come out of the consumer's pocket in some way.

But this is not all. Wholesale manufacture defaces and defiles even God's creations. It disfigures the bank of the river and pollutes its water; it blackens and poisons the air; it exhausts the mine; it annihilates the forest; it impairs health, maims limbs and destroys lives. And all this, just because "money seeks investment."

Who or what is responsible for that corruption of business? Rings? Monopolies? Corporations? Party legislation? Not any of these. Although these are sores on the body politic, they are but effects; they are not original causes. Those rings so much complained of are simply "investors," who cling together for the purpose of securing a good interest on their investments—something that every laboring man would do if he had the chance or means.

The investor pockets the booty, but he is passive. He simply waits for the sheep to come to be shorn. It is through our own mismanagement, through our patronizing him, that he becomes our tormentor. We pass the door of the mechanic to get our supply from some dealer. Why? To get it cheap. What is "cheap?" Does adding to the price without increasing the value make things cheap? Is it because they get things cheap that so many of the laboring men are at the brink of starvation?

Traffic produces nothing, money produces nothing. Every cent meddlers make has to come



out of labor. If the dealer actually could sell articles for less money than the mechanic can make them for, it would only prove that the producers of the articles have been robbed.

If we had never patronized meddlers, neither pernicious traffic nor wholesale manufacture could have become possible; none of your cliques or rings could have come into existence; those pitiful slaves, the factory hands, would today be independent mechanics, and the millions now pocketed by meddlers would still remain with the producers.

But now the producer has become a mere tool in the hands of the investor, and as befitting this circumstance, producing has lost even the signification of "business." The meddler has assumed that predicate. The mechanic has betrayed his trade, surrendered the last remnant of his economic independence and made a slave of himself. And after all this bitter experience, we patronize meddlers more than ever. How can this be accounted for?

I do not mean to say that labor-saving machines should not be used under any circumstances. After the system of robbery, called investing money shall have been rendered impracticable (which we shall see further on can be easily done), a new order of things will step in, and machines, as far as they will be practicable under the new order, will become as much of a benefit to the human family as some of them now prove to be a detriment.

We believe that we are ever so much wiser than people of former days, but our management of business is no proof of it. The fact is, we suffer in consequence of ignorance. The individual strives

to improve his lot, and it is our common interest to ameliorate our condition as a whole. Hence, anything that deteriorates the condition of the masses, but is nevertheless used and commonly patronized, exposes general ignorance, and that, too, if it did require skill to bring it about.

The horse is a powerful animal. If he were not ignorant of the fact, he could not be tamed, could not be compelled to do hard work. The wronged and suffering masses constitute a powerful majority of the body politic. They may be aware of the fact, but why do they not improve their condition? Because they do not know how. They suffer because they are ignorant of the *de facto* situation.

So long as the laboring men, who produce the necessaries of life, create all wealth and constitute a powerful majority with any people, suffer want, while nature yields abundantly, they have no claim to intelligence. Does that seem harsh? It is the truth, and "The truth will make you free." No one can make you free but you yourselves; and you cannot acquire freedom without knowing the bare facts in the case, be they what they will. So long as prejudice and self conceit prevent you from learning the facts, you will remain slaves.

The economic evil does not rest with the investors any more than with their victims. The corruption of business, as well as the fallacy of investing money, gives evidence of some mental defect which is common to all of us. That defect cannot be mere ignorance, much less stupidity or imbecility, because there is system in the corruption. What can it be?

# III. OUR MENTAL CONDITION.

The chapter I now begin will, I fear, hurt the reader's feelings. I should much rather avoid this, but in order to remove the economic evil we must know the bare facts. Intelligence, we believe, has reached the top of the ladder, but our management of political economy is no proof of it. All peoples, at all times have had the same opinion of themselves.

Self conceit is a great obstacle in the way of study. He who thinks he knows it all no longer recognizes the need of study; and the worst of it is that he who knows the least, feels surest that he knows it all.

I have several times pointed out the fact that our actions expose lack of judgment; and the reader will have noticed that we always meet that mental defect in connection with money. When we glance at science and see its work, that it makes natural forces subservient to the will of men; when we consider the extent to which it has watched and explained the movements of the heavenly bodies; when we examine the inventions of the last century, etc., we must admit that the human mind is clear and penetrating.

But when we study the political and economic fields and see people suffering want in the midst of abundance of everything; when we find that the very ones who produce the abundance are the poor, the sufferers, and have to confess ourselves unable to see the cause of it or devise a practical remedy, we cannot help admitting, to the contrary, that the mind is very dull.

Now mark the difference. Science operates independent of money, but political economy is interwoven with money from beginning to end. This shows that mental debility is not a fault committed or a defect left by nature, for it is limited to money. Misconceptions, corrupt ideas respecting money, which have been inherited from generation to generation, have taken possession of the mind. They interfere with the brain in the exercise of its functions. Hence the fact, that, independent of money, we accomplish almost everything—so far the mind is free; but, with or against money, we accomplish nothing, because so far the mind is encumbered.

This, perhaps, will be news to you, and your pride will rebel against such an idea. But keep cool, please, and try your mental strength with some direct money questions.

What is the difference between gold, money, and dollar? Is the medium of exchange a public institution, or private property? If a public institution, what right has the individual to hire it out and put the spoils or interest in his own pocket? If private property, what right has the lawmaker to meddle with it? What causes the rise and fall of money value?



When, at the close of the civil war, the legislature of Illinois made ten per cent. a legal interest (six per cent. was the rate before), A and B, as I will now call them, got into a controversy about that act. A called it a robbery on the poorer or middle classes, while B contended it was the best act that honorable body had passed. In defense of his views he said:

"Money, like other commodities, is cheap when it is plenty, and its value rises when it gets scarce. A scarcity of money in our state has been felt for some time; consequently it has gone up. We can no longer get it as cheap as we used to. In the eastern states money is plenty, and hence cheap. It can be had at five per cent., while further west fifteen to twenty per cent. is paid for it. The lawmaker has confronted a necessity. The higher interest will draw money from the east, while under the old conditions, even the money we have in the state now would go further west, where higher interest is paid for it. This would have made hard times for us. Times are always hard when money is scarce."

Let us now observe cause and effect in this matter. At that time a minister of the gospel occupied a house which he rented from a member of his flock at the legal interest on its value. The house had been bought for eight hundred dollars, and, as interest was then six per cent., the minister's house rent amounted to forty-eight dollars annually.

Since interest makes the price, the higher interest affected rents and prices in general, but, under

the existing contract, it affected the minister's rent more directly. The landlord stuck to the contract. "An investment must bring its interest," said he, "and, since there is wear and tear and taxes to be paid, renting the house at the bare interest is cheaper than even a minister ought to expect." Thus, the additional four per cent. interest raised the minister's rent from forty-eight dollars to eighty dollars.

The rate of interest had been raised because "money went up," but it looked now more as if money had gone down, for it required more of it to procure the same commodities—a fact to which the minister can testify. Interest had been raised to prevent hard times, but it looked rather as if harder times had been forced on the public, for, while it raised prices and, consequently, expenses, it did not raise wages. What are the facts in the case?

Let us, for an illustration, assume that six per cent. is the cardinal interest, and that under that rate one dollar is worth one dollar even. Then if money should go up, say ten per cent., one hundred dollars hired would become worth one hundred and ten dollars, and the six dollars paid for interest six dollars and sixty cents. Thus, if all money should go up alike, the rise of the interest money would always pay the corresponding interest on the rise of the money hired, and changing the rate of interest would never become necessary. But why is it that when money goes up interest money does not go up also?

Everything works naturally. Money is a thing of our own make, and there is nothing supernatural



in it. Since it has been in use for two thousand years, it ought to be understood by this time. Everybody ought to be able to answer any and all money questions. If you cannot explain them, you will have to admit that with money your understanding is paralyzed.

Another proof of this fact is the belief in

## MONEY POWER.

There are powers which are unexplainable, electricity, for instance, but the existence of such powers can always be proven. If I were to prove the power of electricity, I should have the inquirer touch a live wire. He would soon be convinced of the existence of that power. But I defy anybody to prove power of money.

"Well," said a critic, "it seems you have never noticed the power of money in business, legislation, jurisdiction — everywhere. You don't know that petty thieves are imprisoned, while those who steal millions run at large. If I were a rich man, I could soon convince you of that power; but as it is, I can't do it. But if you will keep your eyes open you will see that power every day. Is not the rich man preferred in society? Just look at John B. He is rude and silly, but is he not received with courtesy wherever he goes? Does not everybody meet him with an extended hand and a 'How do you do, Mr. B.?' Now, if it is not his money and his farms that cause this, what is it? Why, if he were poor nobody would look at him."

I have no doubt you could cite many such in-

stances, but they do not prove the power of money. Whenever a cause is removed, the effects cease. If such demonstrations were effects, or power of money, they would cease when the money, the cause, is removed. But take the poorest man out of the poorhouse, dress him in good clothes and introduce him as the railroad king, Vanderbilt, and you will observe the same "How do you do" and the same extended hand, although the man may not have a cent of money. On the other hand, introduce the genuine Vanderbilt as a poor but honest man who needs a little pecuniary assistance, and the same individuals will turn their backs on him. His money will not be of the slightest effect. Since such abject demonstrations will appear and fail to appear contrary to the presence or absence of money, they are simply effusions of a sick brain.

"This shows the very thing—that it is not the man the people bow to, but the money. They don't know but the money is there. Hence the demonstration."

This is saying that the cause need not exist; it will be of effect if you only believe it to exist. This is too absurd for me to waste words over it.

"How do you account for the existence of railroads, tunnels and the like great constructions? Since such enterprises cannot be accomplished without money, the power to execute them is certainly in the money."

In this case, you mistake a system of robbery for power of money. Money is required to build such things, but that money represents performed labor, labor of which the laborers have been



deprived and which others have accumulated and stored up in the form of money. In building a railroad, for instance, pre-performed labor is exchanged for labor to be performed. Labor creates the means, labor builds the railroad, consequently all credit is due to labor, brain and brawn. The capitalist does not even deserve the credit of a thief, because he does not do the stealing himself. Our economic system steals for him.

"Suppose the government issues a hundred million dollars of paper money for the purpose of building a railroad. Will that money represent pre-performed labor? And will the railroad come into existence through a system of robbery, or through the power of that money?"

It will come into existence through the power of the government. We, the people, are the government, and we, the people, are able to build a railroad without stolen labor. In this case, the road is built on public credit and is then public property—the only proper way to build one. But with railroads built by individuals, a system of robbery is the source of the means. Whether built by the government or by individuals, the money does not perform any part of the labor; it is only needed to exchange labor. (The particulars of this will be found further on in this book.) The idea that money can build railroads, or exercise any power whatever, is simply ridiculous. The mere fact that money is inanimate, ought to be sufficient proof for any rational being that money power is a phantom.

"I do not claim that money by itself can exercise power, but in the hands of men, money is a

powerful instrument. The rich control everything, and they exercise their control through money."

How do they use that "powerful" instrument? The only use that can be made of money is that of a medium of exchange; the only misuse to hire it. Neither the use nor the misuse affects anybody except the respective parties in a transaction, and no power is thereby exercised, because each party exercises free will. Money does not become a power until it is invested, and since the investment is a deception, money power begins just where common sense ends.

A ragman who died in a Paris poorhouse left over fifty thousand francs in money and bank stock in his trunk. I have known a millionaire (Thornton, St. Louis), a bachelor who spent the best part of his life in a one-window back room in one of his numerous houses; wore shabby clothes, sponged his living as far as possible, and at one time attempted suicide because he had lost a few hundred dollars through poor speculation. Does this look as if money were a powerful instrument in the hands of the man? Does it not look more as if the man were a plaything in the hands of money? You will say, these are exceptional cases. Only the degree or intensity is an exception. As a rule, few of the rich enjoy the ease and comfort riches afford. Although they possess more than they can ever use, they exert themselves continually, even resort to foul means, to get more. However, they never reach their object. The object moves further away faster than they draw near. Their efforts are not only vain, but vile and stupid.



Four or five thousand years ago Israelites made a calf of gold; now gold makes calves of us.

Perhaps my critic will now comprehend that the cause of the corruption he sees everywhere is not power of money but mental incumbrance.

As said before, money power is a phantom. By "phantom" I do not mean an apparition, but mental aberration. Whenever misconceptions become fixed in the mind they become premises, standpoints to reason from. Consequently, we can no longer reason correctly on the respective subjects. Believing something that does not exist creates a bare phantom; believing some existing thing to be what it is not creates a concrete phantom. Ghosts and witches were bare phantoms; money power is a concrete one. This renders it more formidable and mysterious; it cannot be detected as easily as a bare phantom, because its concrete (money) hides it.

If witchcraft had been concrete, with feathers, for instance, with all the mischief that phantom has done, the observer would only have seen the feathers, for phantoms are invisible; he would have accredited the effects of the phantom to the feathers and probably called it feather power. So in our case. With all the corruption this phantom brings about, the observer sees only the money, attributes the effect of the phantom to the money and calls it money power.

Ghosts and witches have brought fright and terror to the people. Money power has demoralized mankind. It has kept and still keeps the ma-

jority of the people in poverty and misery; it has driven millions to despair and suicide.

When the Germans found out what ghosts are, the ghosts disappeared. When the Puritans found out what witches are, the witches ceased to exist. Let us find out what money is, and money power and capital, like ghosts and witches, will be things of the past.

# IV. MONEY.

The historian is older than the pen, and we have records of important happenings of thousands of years ago. It seems, therefore, somewhat strange that we do not have a separate history of money. The question when, where and by whom was money established, is still an open one with most people.

We would suppose that establishing a world-wide institution, like the medium of exchange, wherein every nation, nay, every individual, is directly interested, would have required propositions, plans; that it would have necessitated national and international conventions, final ratifications and the like. But of such history knows naught. This proves that a formal establishment never took place.

"Money" is from Moneta, a surname of the Greek idol, Juno; "dollar" is from the German thal (dale), particularly St. Joachim's thal, a valley in the silver regions of Bohemia. These words were originally adjectives used with "coin," as Moneta coin, St. Joachim's thaler coin. The latter, being too long for convenience, was abbreviated to "Thaler," dollar. When finally the noun (coin) was dropped, the adjectives became arbitrary names. Hence these words disclose nothing save that coin is older than these names.

The Bible, mentioning money the first time (Gen. XXIII, 16), does not present it as something new, but as current with the merchants. Passages like Gen. XLII, 35, Exod. XXII, 17, seem likewise to show that money was a common thing in Moses' time. Exod. XXI, 21, shows that even the delusion of investing money existed. A delusion is younger than its parent. Since Moses calls a man's slaves his money, as if it were a self evident fact, we must suppose that the delusion was common, and that consequently money must have existed a long time. Exod. XXII, 25, Levit. XXV, 37, and Deut. XXIII, 19, are prohibitions of usury. Usury is misuse of the medium of exchange. Public institutions are not established for misuse, the misuse creeps in afterwards and gradually. Since usury was practiced to such an extent as to cause Moses to forbid it, we must again suppose that money is much older than Moses. Judging from the Bible, we might suppose that God himself created the medium of exchange along with the world. This, though, is not at all likely, for He would not have made it a puzzle.

Since savage tribes do not have money, civilization is certainly the mother of it. Searching for its birth, let us begin with a time when no such thing as civilization existed, follow up the natural course of development, and see whether we shall discover the event.

Prior to the mutual mode of producing, we find tribes of people scattered over the country, living in huts or caves, or simply in the woods. Free gifts of nature constitute the main part of



their few necessities of life, and since there is no capital to be fed, the work they have to do is very little.

Still, the fish will not come out of the water of their own accord; game must be caught, dressed, and perhaps cooked; the hides must be tanned and converted into clothing or covering, etc. To accomplish this the savages have need of some tools and utensils, and these must be produced.

Since nature qualifies men differently, one makes a good bow and arrow, but is not able to make a good net; one makes a cutting instrument, but cannot produce a cooking vessel, etc. This leads to propositions like these: You make my tomahawk, and I will tan your hides. I will make your moccasins if you will make my canoe, etc. The propositions are accepted, and with this, mutual production takes its beginning.

This is the dawn of civilization.

Skipping a long space of time, we find mutual production established. Tools have been improved and new ones invented, and a large variety of articles are produced; the producer has become a mechanic, and is dependent on his trade for his living, consequently exchanging products has become inevitable. This causes difficulties. The chance to get what a man wants in exchange for the article or articles he produces himself will not always present itself; and when it does, one of the parties often has to sacrifice a part of his product to effect the necessary exchange. This condition of things calls for a means or medium to facilitate the exchange.

Uncivilized and half-civilized peoples are fond

of tinsel. Gold is the first metal found (this is an historical fact), and its luster is captivating. This is made use of. By offering a piece of gold for it, the desired article is obtained; by adding a piece of the shining metal to the article of less consideration or value the exchange is effected. Through this gold becomes their select article, that is, the article by the help of which other articles are exchanged.

With the select article we have arrived at an historical time; therefore we will drop the hypothetical discourse, and see what we can gather from history.

As to the original population of the globe, our knowledge is dependent on revelation. Historically, it is known that wandering tribes have found one another who did not before know of one another's existence; and they have found one another in a higher or lower state of civilization. Hence, it cannot be supposed that civilization took its beginning with a single tribe of people and in a single locality. But, no matter with how many tribes civilization may have taken a beginning, all had to go through a course similar to that described in our hypothesis; all had to resort to a select article.

The requirements of a select article are demand, divisibility and durability. It must be in demand, that anyone will accept it; it must be divisible, or exist in different sizes, that any value difference can be balanced; it must be preservable, that people will accept it even when they have no immediate use for it. The article which best answered these requirements with a nation became the select article of the nation. Thus, tea, salt, codfish, sea-



shells, furs and a number of other things have at different times and with different nations served as the select article.

All agricultural and pastoral tribes have exchanged through animals. Since agriculture and herding is and has been carried on in all inhabitable parts of the globe, animals became that select article which had the widest "circulation" and which served for the longest space of time. Since animals must be fed and otherwise attended to, having to keep them on hand for exchange purposes was certainly very inconvenient to anyone but a herder or a farmer. But think of the burden of having to take along a herd of animals on a trading tour!

It was the trader who first sought for a more convenient medium of exchange. The old Phœnicians are accredited with having made the first move in that direction. They conceived the idea that things can be exchanged by means of representation. They made tokens of bronze, each of which bore the picture of the animal it was to represent. Provided with such tokens, the trader could now make his tour unhampered by animals, trade as far as his credit was good, and then ship the animals, just the kind and number traded for, by the most direct route.

Those tokens were called *pecunia*, which, rendered into English, is animal token. "Pecunia" is from *pecus*, cattle. Since the select article included all kinds of animals, *pecus* acquired also the sense of "animals"; and since wealth consisted of and was expressed in cattle or animals, *pecus* became

also synonymous with property, wealth, in which sense, though, it took the form of *peculium*.

With other nations and tongues the equivalents of pecus, cattle, as fe, fio, fie and other variations of the word, became synonymous with "wealth." Those names were afterwards confounded with "money," and thus gave us our "fee," "peculation," "pecuniary" and similar words.

The pecunia was an artificial medium of exchange with a select article as its basis. If the state had taken the matter in hand, issued the tokens on public credit and as direct representatives of value, the artificial medium of exchange would have been established. But the idea of such a medium had not yet matured, and the pecunia died as a private concern.

But it taught the people that metal is more easily kept and transported than animals, which brought about the bronze period. The Greeks made bronze pieces of different forms and sizes to make them equivalent to d fferent animals. Some of these pieces, which have been excavated, weigh four to five pounds. Some bear the picture of an animal, others are destitute of any mark of designation. It is supposed that the latter are of a later date—made after the people had learned to express value in bronze without the aid of pictures. The Persians, who had two select articles, animals and dates, made "dates" of bronze, and used them exclusively.

Evidently those bronze pieces were considered an improvement on the pecunia, because the animals did not have to follow. But, in fact, it was a



retrogressive step, because the idea of exchanging by representation, which had been approached so near by the Phœnicians, was lost. They only had changed the select article from animals to bronze.

When that change was made, the values of things, which so far had been expressed in animals, had to be judged or computed in bronze. This was left to the people. Only the fines, which in the Roman mulda (codex) ranged from one sheep to thirty head of cattle, were computed by men of the law. The old Latin for bronze is *aes*, and that valuation was called aes-timatio," which, by the way, is the root of our "estimation."

In no case has the select article been a formally established medium of exchange; some commodity became that medium by its own strength or merits. Giving or receiving a select article for some other article was not different from exchanging things, neither of which was a select article. There was nothing in the select article which could have been of interest to the historian, consequently we have no history of the medium of exchange. Ancient writers mention the select article only perchance and unaware of the fact that such mention could be of interest to future generations. Homer, for instance, who lived about nine hundred years before Christ, narrates in his Iliad that a three-legged vessel, which the Dana people judged worth twelve head of cattle, and a blooming and adroit maiden, who was worth four head of cattle, were put up for a prize.

Usury has always been the curse of civilization, but to that curse we are indebted for some histor-

ical information respecting the medium of exchange. Licurgus, who lived eight hundred or seven hundred years B. C., trying to check usury, forbade the use of gold and silver for exchange purposes, and ordered iron to be used instead. Plato, 430 B. C., taught that, to kill usury, the people need a medium of exchange that has no value. Aristotle, 384 B.C., declared that the medium of exchange is only a creature of law.

We deduce from the above, that in Licurgus' time gold and silver was used for a medium of exchange, and that legislators began to consider that medium; that Plato made the first move toward an artificial medium, for, "the people need a medium of exchange that has no value," is equal to saying, the people need an artificial medium; and that in Aristotle's time the artificial medium existed, for the select article, which in all cases has been a product of nature and independent of law, could not have been mistaken for a creature of law.

But circumstances do not corroborate the supposition. About 451 B. C., Tertullion caused the "twelve tables" to be written, which tables contained the first written law of the Romans. About 268 B. C., the first silver was coined in Rome. While written law existed—at least with the Romans—coin did not exist until a century after Aristotle's time. Since the artificial medium cannot exist without legally issued coin or some token based on public credit, it is hard to see what sort of a medium Aristotle called "a creature of law." If, however, such a medium existed, it can only have been an imperfect one. And it has not been perfected up



to this day, as we shall see further on in this chapter.

When we now take into consideration that David, who lived in or before Homer's time, gave six hundred shekels of gold for a place to build an altar (I Chr. XXI, 25), and that Abraham, who lived long before Homer's time, gave four hundred shekels of silver for a burying place (Gen. XXIII, 15, 16), we see that gold and silver were used for exchange purposes long before the bronze period, and even before the animal time. This shows that as regards select articles there has been no such thing as order of succession. Among different nations different things have been used in the same time. While some nations have changed from one thing to another, others have perhaps used gold and silver from the first.

It, is, therefore, not at all improbable that our hypothesis is a statement of facts, true for some tribe or tribes who lived where gold was found.

Since both the select article and the artificial medium are intervening agencies, both serving the same purpose, both are mediums of exchange. Nevertheless, there is an essential difference between the two.

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| The select article has been in all cases a product of nature, and private property. | The artificial medium is a public institution. |
| Exchanging for or against a select article is not different from exchanging things neither of which is a select article. | The tokens, which we call money, represent the consideration in the exchange. Hence the exchange is artificial and complicated; a sale and a purchase constitute one exchange. |

| | |
|---|---|
| It is an equivalent to a larger or smaller amount, according to size or weight and quality. | Since the tokens are but representatives, the size, weight and quality of them are immaterial. |
| Legislation has no more to do with it than with other private property. Anyone can raise or produce of it as much as he pleases and "put it in circulation;" accept it or reject it, and handle it as he pleases. | It is a creature of law. The tokens are issued by state authority and in pursuance of law; law sets the amount each token is to represent; law protects them against disfigurement and forbids private issues and counterfeiting; law makes them a legal tender for debt; hence law is their strength in the exchanges. |
| Its value is established by the markets; it affects the exchanges on its own strength or value. | |

Comparing the existing medium with the above analysis, we find that it is neither the select article nor the artificial medium, but that in part it corresponds to both. This shows that we still stand in the Phœnicians' shoes. The artificial medium exists now in law and in fact, but still has the select article basis. The medium is androgynous, which renders it unintelligible and mysterious. The select article is a natural medium and does not admit of legislation; it becomes artificial as soon and as far as the law-maker meddles with it.

Anything instituted through law is artificial. The law-maker has established the artificial medium without realizing it, and, as his mind is encumbered, has made a fizzle of it. The select article *is*, the artificial medium *represents* the consideration in the exchange. By saying "twenty-three and eight-tenths grains of gold shall constitute (instead of represent) one dollar," the law presents the tokens



(which go with the artificial medium and without which that medium cannot become operative) as select articles—the very thing the same law abolishes.

Again, while the law presents the tokens as private property, it stamps them as visible marks of a public institution. Look at any one of them, and it tells you, "Render, therefore, unto Cæsar the things that are Cæsar's." If these tokens are private property, every one of them bears a lie on its face.

If the law-maker had known what he was about, and established the artificial medium of exchange in proper and intelligible form, the people would have seen from the start that the artificial medium is but an instrument, the tokens only transfer tickets; the medium could not have become a puzzle, and chimeras like money power and capital could not have originated.

The name, money, is of Roman origin, about two thousand years old, and a child of superstition.

The name of the most exalted idol of Greeks and Romans was Moneta Juno. "Moneta" is from monere, to warn, advise; "Juno" from juvando, to help, and the idol of that name was to the Romans the embodiment of advice and help; she was the queen of the gods, and had a number of human affairs in her special care. Of these only one is of interest here: She was the *patroness* (creator and preserver) of kingdoms and riches.

Usury is as old as the select article. Not knowing that usury is that creator and preserver, but seeing that the medium of exchange is in some way

connected with it, the Romans mistook the effects of usury for the power of the idol Moneta; they believed that the idol, as that patroness, operated through the medium of exchange. In consequence of this they manufactured coins in her temple, consecrated them to the idol, and named them after her, moneta. This is the root of the name, money.

Capital is of rather recent origin; banking created it; but money power, *i. e.*, moneta-power, dates back to the time of the ancient Romans.

The ancient Hebrews knew nothing of that idol, and their language has no equivalent for "money." The translators of the Bible have rendered the words ketem, keseph (gold, silver) where they appear as select article, "money." This accounts for the appearance of "money" in the Old Testament.

# V. VALUE.

Since we exchange our products by it, every producer ought to know precisely what value is, for, without knowing it, he has no means of knowing whether an exchange is equitable or inequitable. Ask the question, and you will get the answer: "The value of an article is whatever the article will fetch in the market." This is an evasive answer. What is value by itself, independent of markets? This is what the producer must know before he is able to hold his own.

The word value is from the Latin *valere*, to be strong. We speak of intrinsic value and of nominal value. "Intrinsic" means inward, inherent. The intrinsic value of an article is its property or properties which render the thing useful; literally, its "strength" in ministering to our wants; it is synonymous with usefulness, utility. The intrinsic value of a thing is always the same; that is, demand and locality do not affect it. A loaf of bread ministers to the same want, satisfies hunger, no matter where it is eaten or what the price of it may be. Intrinsic value cannot be expressed in figures or measured quantums, because we have no standard of intrinsic value. It is not the value we exchange our products by.

Nominal value is, as the prefix says, nominal;

that is, it exists only in name. Literally, the nominal value of a thing is its power in the exchange, its power to obtain. That power or value is whatever seller and buyer make it. The seller sets his price. He is at liberty to demand any price, and the buyer is free to offer any price. The sum seller and buyer finally agree upon is then the nominal value of the article sold and bought. Many and repeated bargains establish a medium or general price of the respective articles which is then called market price, market value. In order to get a nominal value, the article must have an intrinsic value, because the intrinsic value of the article is the buyer's object. This brings the nominal value of articles to correspond somewhat with the intrinsic. But there are exceptions. With one exception, the intrinsic value of so-called precious stones is but that of common stones of the same size; but a big price is generally paid for them. On the other hand a horse may have great intrinsic value, but if there is no market for him, if nobody wants to buy a horse, he cannot command a nominal value. In this case the horse is ' to be strong," but fails to be. Since the exchange itself establishes the nominal values, independent of exchange nominal value is simply nothing. What difference is it to you whether a bushel of potatoes which you have raised yourself and which you consume yourself is worth five dollars or five cents?

Since nominal value is not self-existing, it is not and cannot be a basis of exchange, because the "*as much*" cannot be determined by it. And yet this is the value we exchange our products by.



Exchanging by value is exchanging by nothing, blindly. *This is the fundamental cause of the economic evil.*

Both intrinsic and nominal values are naturally independent of law. Hence, all attempts on the part of the legislator to fix or regulate prices of certain commodities have proven failures. Nevertheless, the law-maker has set the price of gold, and for that reason I speak of the value of that metal separately. Since there is no standard for it, intrinsic value can only be told through comparison. The different and many uses iron is put to need not be enumerated. Gold cannot take the place of iron, because it is too soft. Tools made of gold would not cut; cooking-vessels would melt; rails would flatten under the pressure of an engine, etc. True, gold has rare properties: it is malleable, it has a pleasing luster, and is not corrosive—just the thing for jewelry and dentistry. But the amount needed for filling teeth is too small to cut a figure as regards demand, and jewelry does not minister to our wants. It may satisfy vanity, but never actual want. If the Creator would take the iron out of existence we should be sorely afflicted; indeed, it would reduce our mode of living almost to that of the savage.

But if He would take away the gold we should hardly miss it; the majority of the people would not even notice it; everything would go on as before. This shows that the intrinsic value of gold is very small—much smaller than that of iron.

At present it is not known what the nominal value of gold would be, because the law sets its

price — twenty-three and eight-tenths grains of coined gold is one dollar *by law*. The difference in price between coin and bullion is the expense of coining it, and for that expense we have the metal a legal tender. Unless gold is demonetized, unless that law is repealed and the mind is cleared of its encumbrance, a nominal value of that metal cannot be established.

It will seem perhaps, to the reader, that there is a power in gold besides that of law, for he feels sure that if the law were stricken from the statutes the people would accept gold at the fixed price just as readily.

Yes, there is something of that sort connected with this metal, namely, mental aberration. Gold is our idol. That the people would accept gold at the fixed price, or perhaps even at a still higher price, shows only that the phantom, money power, is stronger than law. The wholesale swindles committed by rich men are another proof of this fact.

When we consider that the intrinsic value of gold is less than that of iron, and that at the same time it has properties which make it captivating; that it is something the human family could easily get along without, but that nevertheless everybody will accept it for what he has to spare, we might judge that the Lord made it for the very purpose of a medium of exchange. But for the phantom connected with it I would favor the continuance of that use of it. But the mind would regain its equilibrium much more quickly if that deceiving metal were demonetized.



## OUR SYSTEM OF EXCHANGE.

Exchanging of products is the chief part of political economy; in fact, it is *the* political economy. The contents of all the voluminous books written on this subject may be concentrated into the one idea, exchanging of products. If we could and would return to independent production, so that no products were to be exchanged, all transactions coming under the head of political economy would cease.

Under independent production no economic evil can arise, simply because the product does not go out of the producer's hands. Neither can such an evil arise under mutual production so long as we exchange the products equitably. So long as we receive as much product as we give product, and *vice versa*, we exchange only the form of the product; the amount remains with the producer, because he receives the same amount he gives. Since no economic evil can arise under equitable exchange, the present evil is a result of inequitable exchange.

Products are exchanged either immediately, that is, without the help of a medium; or mediately, which is by the help of a medium. The medium can be a natural one, a select article, and it can be an artificial one; but it cannot be both at the same time, because the natural medium becomes artificial as soon as the lawmaker meddles with it.

Exchanging through some select article is not different from exchanging without the help of any medium, because the select article is, or has been, in

all cases a common commodity and private property; it is exchanging product for product directly. Using the artificial medium, we exchange through public credit and power of law; hence it is immaterial what the tokens are made of; the exchange is artificial and indirect; it consists in selling and buying.

"Sell" and "buy" are from the languages of the ancient Goths and Saxons, and mean to give, to receive, *i. e.*, exchange. We can now hardly comprehend selling and buying without using money, but the originals of these words were in use before money existed.

As we have seen, the present medium of exchange is imperfect and unintelligible, in the tokens, particularly in the gold pieces, we still imagine the defunct select article. If you will bear in mind that about ninety-nine per cent. of the value of gold exists only in imagination, you will comprehend that the tokens, even if they are gold, are naturally but transfer tickets.

A sale and a purchase constitute *one* exchange; selling is the beginning, buying the completion of it. The time intervening between sale and purchase may be but minutes, it can be years. During that time the seller is neither in possession of the article sold nor of the value of it; but he holds transfer tickets which represent that value, and through which he can re-obtain it at almost any time and in the form desired. He who sells a horse, for instance, begins an exchange; in buying a wagon—be that in the same hour or years later—he obtains the value of the horse in the form of a



wagon. The exchange is completed. He has exchanged a horse for a wagon. The wage-worker in selling his labor begins an exchange. Instead of the product of his labor he receives transfer tickets. In buying food and clothes for his family he obtains the product of his labor in the form needed or desired.

The fact of having given for the article bought the same amount of money received for the article sold proves nothing, because the medium is only an instrument; the exchange is only equitable when the article bought proves an "as much" to the thing sold. Equivalents are nothing. The word is from *equus*, equal, and *valere*, to be strong; hence it means equal-strong, equal-value. Since the exchange itself establishes that value, any two articles are equivalents so long as the exchanging parties consider them such.

We see now that selling and buying are still the giving and receiving of old, only that we now give and receive by the help of a medium. The man of our illustration gave a horse and received a wagon.

So far the system works all right, that is, the exchanges are effected without difficulty. But it does not afford equity, because we exchange by value, which is blindly. To secure to every producer the amount of his product we must adopt

## THE NATURAL BASIS OF EXCHANGE.

Producing things for one another is performing labor for one another. Whether an article is raised,

or manufactured, or dug out of the earth, or fished out of the water, it is obtained through labor. Since labor is the natural and only condition by which things can be obtained originally, it is also the consideration in the exchange. Value has nothing to do with it. Nature will not give us a thing "cheaper" because it has but little or no value; if we want the thing we must perform the labor that will produce it; and since A is no more obliged to perform that labor for B than B is for A, exchanges are only then equitable when the labor is returned.

Having found the natural basis of exchange, we are at once enabled to determine the "*as much.*" When, for instance, the shoemaker gives a pair of boots to produce which required two days' labor for a table which also represents two days' labor, the exchange is equitable. Whether people call the boots and the table worth five dollars or five cents, or the one five dollars and the other five cents, is of no consequence. The exchange is equitable, because it leaves each producer in possession of the amount he has produced.

Let us, for further illustration, assume that a day's labor and one dollar are equals. Then, he who pays six dollars for a pair of trousers, for instance, gives the labor of six days for the trousers. If the total labor which has to be performed to produce the trousers is that of six days, the transaction is equitable; if it required more labor to produce them, he gets them "cheap," that is, he gets some of the labor of other men for nothing; but if two days' labor has produced the trousers, he is cheated out of four days' labor: while he gives six days'



labor, he receives only two days' labor in return.

Propose to any man that he shall work six days for you and that you will return the favor by working three days for him, and he will laugh at your proposition. Why? Because he sees inequity. He knows that for a day's labor is due a day's labor. Tell him your labor is worth twice as much as his, and he will leave you in disgust. But let him do the six days' job and give him the six dollars, and he will give the six dollars for some article that has been produced in three days without a murmur. Why? Because, as he exchanges by value, he does not know that he gives six days' labor for three days' labor.

Since there is hard labor and easy labor, and since capacity and industry differ with different men, it will be said that the labor basis will not afford equity.

Is it not a fact that now the hardest labor commands the poorest pay? Then the labor basis cannot possibly make matters worse. The laboring classes do not suffer because of hard and easy labor, or different capacities, but because they are defrauded through increasing the prices of their products while they are in the act of being exchanged. The labor basis renders such adding of price impracticable, because it throws "labor for labor" out of balance, and thus exposes the fraud. With this labor has won the battle. If, then, a man should occasionally lose some of his labor, he could afford to lose it, he would not miss it. But he cannot afford to lose two-thirds of all his labor, as he now does.

But the labor basis will afford equity in time. The labor required to produce a thing becomes the "price" of the thing; and since generally the same thing is produced by the same amount of labor, "prices" become stationary and commonly known. Since in most cases it requires as much labor to produce a poor article as it does to produce a genuine one, the labor basis will have the good effect of driving the trash out of the market.

We must not suppose that an evil of thousands of years' standing can be cured radically in one day. Much is to be learned from experience. At present, labor cannot compete with capital, because it is enslaved. The labor basis liberates it. Then free competition will settle all difficulties that may present themselves in due time.

## RIGHT OF POSSESSION.

All real property is produced by labor, and every producer is the *bona fide* owner of his product. Consequently, the producer, having made it, has the first right of possession. Things which others have produced become my property when I return the labor for them, for returning the labor makes it equal to having produced them myself. Nothing can become the property of another so long as the producer of it will not part with it. Consequently God's creations are not men's property. Since A is no more obliged to produce things for B than B is for A, it is self-evident that nobody can accumulate more rightful property than the amount he produces and does not consume. Any property above that is stolen property.



"I inherited $50,000," says a critic; "is that stolen property?"

"It is what it was before you inherited it."

"Suppose I find a precious stone worth $50,000. Would that be stolen property?"

In reality such stones are not property at all, because they have no intrinsic value. If you should find one, keep it and call it worth any sum you please. But the stone you cannot use. If somebody will give you $50,000 for it you are very apt to get possession of stolen property. The fact remains that nobody can accumulate more rightful property than the amount he produces above his consumption.

If the labor of some expert produces a value of five dollars every day, while his expenses, all told, average five dollars a week, he will have to keep at work continually for over seven hundred and sixty-nine years to lay by the first million. You may now figure out for yourself how much rightful property there is in the piles of the millionaires.

# VI. THE REPRESENTATIVE OF LABOR.

Medium and representative are correlates. The medium represents, and the representative is a medium through whom or which others act. Since the consideration in the exchange is labor, the medium of exchange is the representative of Labor.

Hiring, buying and selling representatives is treason.

Inanimate things cannot be guilty of treason, neither do I make such charges against the men who do hire, buy and sell money. Since law and denomination of them present the tokens as representatives of value and as private property, those men are not aware of the fact that they handle the representative of Labor. When we look at the principal (Labor) and its representative (money) as detached from persons, the following comparison will throw much light on the present situation of Labor:

Whenever the representatives of a nation permit themselves to be hired, bought and sold, the representatives become the lords and masters of the people, or the tools of such, and the people become the victims of treason. If it pleases the pseudo-masters to tax the people to death to fill their pockets, the people have but the alternative to cast off the treacherous representatives, or keep on paying the taxes.





So with Labor; its representative is hired, bought and sold. Labor is a victim of treason. The pseudo-master, calling itself capital, taxes Labor to death, and there is nothing left for Labor but to cast off the treacherous representative or keep on paying the tribute. (The manner of this taxation has been incidentally explained before. It is profits, interest and rent.)

"Anything stamped and issued by the proper authorities for a medium of exchange is money."—Webster. As the private property of a Congressman has nothing to do with his duties as representative, so the value of the metal or material of which money is made has nothing to do with its representing Labor. As a poor man will represent the people as well as a rich man, money made of lead or iron, etc., will represent Labor as well as that made of gold or silver. It is the stamp that gives the tokens efficacy. As a representative can only betray the party or body represented, so money, the representative of Labor, can only betray Labor.

He who sells the product of his labor, sells it at market price, which is with interest added. The dealer buys goods for the sole purpose of adding interest and profits to the prices of them. The only one who cannot add interest is the wage-worker. He sells the bare labor, but sixty to seventy per cent. of the price of the things he buys is made up of interest and profit. He gives one hundred per cent. labor, but receives only thirty or forty per cent. labor for it.

When a nation is betrayed, the people know it or soon find it out. Labor has always been be-

trayed, but has never found it out, because the laboring men themselves mistake the representative for the principal. That mistake must needs render political economy topsy-turvy. All credit given the money is due to labor; money only represents labor. Labor is now the hireling of its servant, money; when it shall have gained its natural supremacy, Labor will hire its servants. The representative affords luxury; the principal goes begging.

The tax the treacherous representative imposes on Labor accounts for the inefficiency of

## STRIKES.

The wage-worker's weal or woe does not rest as much with high or low wages as with the relation of wages and expenses. And it is the expenses that render that relation against him. If value were a reality so that anything could be proven by it, it would show that in most cases he gets fair wages. But his wages consist in transfer tickets, and, as we have seen before, for his tickets he receives only about one-third of the labor they represent. It is not the employer who robs him, but the investor. Hence, striking for higher wages is trying to compel the employer to make up for the investor's profits.

This is impracticable. To make good the employe's loss the employer would have to triple his wages. This would make him a bankrupt in a short time, if he were not to add correspondingly to the prices of the articles manufactured; and by making



that addition—if he could sell at such prices—the consumer would lose what the producer gains. Higher wages increase prices; higher prices increase expenses, and the higher expenses induce or force others to strike for higher wages. After all have struck and every strike has been a success, the laboring men are worse off than before, because the higher prices have raised the investments, the very thing that robs them.

This will be seen more plainly when I illustrate the passing over of an article from manufacturer to consumer—a pair of trousers, for instance. The wholesaler's profits are generally moderate. The retailer adds forty to eighty per cent to cost. To make the illustration simple I will average the percentage at twenty.

| | |
|---|---|
| The manufacturer's cost of producing the trousers we will set at | $3.00 |
| The manufacturer adds 20 per cent | .60 |
| Which makes the wholesaler's cost - | 3.60 |
| The wholesaler's addition, 20 per cent, | .72 |
| Brings the retailer's cost to - - - | 4.32 |
| And the retailer's 20 per cent, - - - | .86 |
| Swells the consumer's cost to - - | 5.18 |

Paying $5.18 for the $3.00 trousers, the consumer pays capital a tax of $2.18. Now, the tailors have a successful strike, in consequence of which they receive 50 cents more for making a pair of trousers. This brings the first cost of the trousers.

| | |
|---|---|
| To | \$3.50 |
| Manufacturer's 20 per cent | .70 |
| Wholesale cost | 4.20 |
| Adds 20 per cent. | .84 |
| Retailer's cost | 5.04 |
| Adds 20 per cent. | 1.01 |
| Consumer's cost | \$6.05 |

Paying \$6.05 for the \$3.50 trousers, the consumer pays capital a tribute of \$2.55, which is 37 cents more than before the strike; and he pays 87 cents more for the same article. The results are:

| | |
|---|---|
| Producer's gain | 50 cents. |
| Consumer's loss | 87 " |
| Capital's gain | 37 " |

The blow was aimed at capital, but hit the consumer, while capital comes out a gainer of thirty-seven cents per three dollars product of the tailors. Capital's gain is apt to stay, but the striker's gain is temporary, because the effects of increased investments will come home sooner or later; and the temporary gain will seldom, if ever, make up for the time lost during the strike. Since the consumer (every producer is a consumer) loses more than the producer gains, strikes must needs deteriorate the laboring men's condition.

The present wage system is the embodiment of treason, because the representative hires the principal. When Labor shall have become aware of its supremacy, the principal will do the hiring and the system will become an entirely different one.



Mistaking the representative for the principal accounts for the periodical

## STAGNATIONS OF BUSINESS.

It is commonly believed that overproduction is the cause of the stagnation. This is not the case. Overproduction is itself but an effect. So long as the producer is deprived of two-thirds of his product he is compelled to produce three times as much as he consumes. Since the non-producing class, being a small minority of the people, cannot consume two-thirds of the sum total produced, the surplus fills the storehouses. Hence, as long as the producers are deprived of more than the non-producers can consume, overproduction is unavoidable.

"To do business we must have capital." And we have it, or, rather, it has us. As we have seen before, capital is a queer thing. Although inanimate, it is active and productive, and, like a man, it is invested, and, like a horse, it must be fed. The horse grows to his natural size and the same amount of food will then always satisfy him. But capital has no natural size; it grows as long as it is fed and accordingly as it is fed; the more it is fed the bigger and the more hungry it gets. When finally we can no longer satisfy its hunger it becomes timid, shy, discards investment, ceases to act, and thus produces a stagnation.

Capital feeds on or through consumption. With every dollar's worth the consumer buys he pays it a tax of sixty to seventy cents. As a whole, capital swallows about sixty-five per cent. of the total dis-

bursement. Whether capital is large or small, it gets the same amount of food, namely, sixty-five per cent. of the total disbursement. On that amount of food capital grows rapidly; but consumption increases slowly, if at all. Hence, capital outgrows proportion; the point must come when the sixty-five per cent. of the total disbursement will no longer cover the interest on the capital. This is the cause of the stagnation.

## PARADIGM,

SHOWING HOW CAPITAL BRINGS ABOUT STAGNATION IN BUSINESS.

| Year. | A<br>No. of Families. | B<br>Total Disbursements. | C<br>Capital Tribute. | D<br>Percentage of Capital. | E<br>Required for Interest. |
|---|---|---|---|---|---|
| 1 | 500 | $200,000 | $ 60,000<br>120,000 | 200 | $ 6,000 |
| 2 | 505 | 202,000 | 180,000<br>121,200 | 67+ | 18,000 |
| 3 | 510 | 204,000 | 301,200<br>122,400 | 40+ | 30,120 |
| 4 | 515 | 206,000 | 423,600<br>123,600 | 29+ | 42,360 |
| 5 | 520 | 208,000 | 547,200<br>124,800 | 22+ | 54,720 |
| 6 | 525 | 210,000 | 672,000<br>126,000 | 19— | 67,200 |
| 7 | 530 | 212,000 | 798,000<br>127,200 | 16+ | 79,800 |
| 8 | 535 | 214,000 | 925,200<br>128,400 | 14— | 92,520 |
| 9 | 540 | 216,000 | 1,053.600<br>129,600 | 12+ | 105,360 |
| 10 | 545 | 218,000 | 1,183,200<br>130,800 | 11— | 118,320 |
| 11 | 550 | 220,000 | 1,314,000<br>132,000 | 10+ | 131,400 |
| 12 | 555 | 222,000 | 1.446,000<br>133,200<br>1,579,200 | 9+ | 144,600 |



I will try to illustrate this. We send a number of families—say five hundred—out somewhere to settle by themselves, but we remain near enough to them to watch and see how capital is doing their business. We give them household goods, seeds, tools, farming implements—enough of everything necessary to make a new beginning; as also pocket money averaging ten dollars per family. The total disbursement averages four hundred dollars per family, the increase of population five families annually.

The business men among them have invested in groceries, hardware, machines, etc., a capital of sixty thousand dollars. We set the receipt of capital at sixty per cent. of the total disbursement, allowing the balance for expenses.

It cannot be supposed that the figures in our illustration give in all cases correct amounts, because every dollar capital gets is not straightway invested. On the other hand, the investor is not bound to the legal rate of interest in his operations. The illustration is only to show the *modus operandi.*

Now, to watch the progress of business, take a look at the paradigm. The figures in column A give the number of families; those in B the total disbursements; the upper ones in C the capital invested, and those below them the tribute or sixty per cent. of the total disbursement; those in D give the same tribute in percentage of capital; and those in E the sum required to cover the interest on the capital.

During the first year the five hundred families expend two hundred thousand dollars. Of this cap-

ital draws sixty per cent. or one hundred and twenty thousand dollars, which is a percentage of two hundred. The sum required for interest on the capital (under a ten per cent. rate) is six thousand, as shown in column E.

Swallowing one hundred and twenty thousand dollars during the first year, capital has grown to one hundred and eighty thousand dollars to begin with the second year. The technical part needs no farther explanation.

The reason that the first year capital gets such a big percentage is because it is small in proportion to the disbursement. If the capitalists had twice as much invested the percentage would only be one-half of that, for the reason that the people will not buy more because more is invested.

Looking over the figures in column D, we notice that the percentage shrinks continually. This indicates the approach of a stagnation, for whenever the percentage sinks below the legal rate of interest capital will—strike. Those who do not wish to figure percentage will observe the same thing by comparing the lower figures in C with those in E—tribute with interest.

Whenever the tribute falls short of covering the legal interest the stagnation begins.

Comparing the figures in B with the upper ones in C—disbursement with capital—we see the cause of that shrinkage. Capital is outgrowing its proportion to the disbursement. While in five years the disbursement has increased but four per cent. capital has increased one hundred and eight per



cent., to one hundred and twenty-four thousand eight hundred dollars.

Here it may be asked, How could they invest that much money? Have they discovered a gold mine?

No, nothing of the kind. The figures headed "capital" represent the booty taken from labor, and that booty consists of products of labor. All the money in the colony amounts to five thousand dollars, and even this is not invested, but circulates among the people. A dollar can be passed several times in one day, and every time a dollar's worth is bought a value of sixty-five cents cleaves to the fingers of the investor. Circulating the money they do have forty times a year—which they must do in order to buy forty dollars' worth of goods per family—they turn over products to the amounts given under the head of *tribute*. The investment is a deception, capital a nonentity; but the interest on it is a terrible reality; in the collateral year it amounts to sixty-seven thousand two hundred dollars, as we see in column E.

Since the capital consists of products of labor, we see by the upper figures in C that now, at the beginning of the sixth year, the colonists have overproduction amounting to six hundred and seventy-two thousand dollars, but this does not interfere with business, because the tribute still affords a percentage of nineteen.

Five years more, and the percentage is down to ten. The investor has an idea that ten per cent. is due him on the investment without bending a finger for it; but now he must even pay expenses

out of the ten per cent. Hence the shingles begin to appear: "Selling out at cost," "Bankrupt sale," etc. The manufacturer cuts down wages—all in vain. One year more, and the percentage is down to nine. The sheriff becomes an important personality in business; the manufacturer closes his doors and turns the laboring men out into the cold.

The colony has produced ahead to the amount of one and one-half millions, which is enough to last them for years to come. But, lo! the treacherous representative has percentaged them out of the whole of it. A number of investors, who have not produced one particle of it, claim to be the owners of it and hold it in their grip. Instead of enjoying the fruits of their labor the producers of that wealth must tramp and beg, or steal, or starve.

This is the way capital is doing the business.

A ten per cent. rate of interest runs business to the ground in twelve years, a five per cent. in twenty-three, a four per cent. in twenty-eight years. The average percentage in the United States is about seven, which produces a stagnation in about twenty years. Since the mind is encumbered and the exchanging is done by value, the laboring man does not know that he is continually deprived of the larger part of his product; but he does know from experience that he finds employment as long as the investors can dispose of their booty. Hence his reasoning on the subject is virtually this:

If we could export our clothing and shoes we might dress up and be gay; but if we must wear them ourselves we have to go ragged and barefooted. If we could export our wheat, beef, etc.,



we might feast; but if we have to eat them up ourselves we must starve. If we could export our wood and coal, we might make ourselves comfortable in the cold winter behind a warm stove; but if we have to burn them up ourselves we must freeze, etc. What a pitiful thing man is when in the hands of a phantom! When Labor shall hold its own the laboring man will never suffer want; and as the investor will not have anything to eat, much less to sell, the clamor for markets will cease.

A short resume will now give us

## THE ORIGIN OF THE ECONOMIC EVIL

in a nutshell. The practice of exchanging articles is older than civilization. Savages exchange things occasionally, and they can only exchange blindly. "How much will you give me for this; how much will you take for that?" is all there is to it. This "how much" is the idea of the old Latin *valere*, value.

The step from independent production to the mutual mode is the passing over from savage life to civilization. As a matter of course, this has been a slow process; mutual production has been adopted gradually. During that time, which evidently comprises centuries, the people exchanged in that blind way. Since a good part of the then few necessaries of life consisted in free gifts of nature, and since there was no capital to be fed, the work they had to do was but little and was more sport and pastime than labor.

Hence a basis of exchange was not needed, not

thought of. By the time labor had become a factor and presented itself as the natural basis of exchange the *valere* or value had become a fixed something in the mind, and, as the people had always exchanged that way, they did not know but value is the proper and only thing to exchange by. Through this the natural basis got lost; it has never been found. The mistake has not been detected, and the people exchange their products in the same blind way up to this day.

Blind exchange opens the door to cheating and fraud, and this made it possible that a formidable system of robbery could and did develop in political economy. That system manifests itself in the form of profit, interest and rent—all of which are means to get something for nothing, and none of which is practicable under equitable exchange.

As long as exchanges were of infrequent occurrence and for the most part optional, the lack of the basis affected the producers only individually. Collectively, it left the product to the producer. The trouble began when exchanging products had become a necessity and a select article was required.

With blind exchange the select article results in usury and hoarding. Since it is easier to pocket products of others than to perform the producing labor, usury was now cultivated and practiced in different ways and forms, which finally resulted in the above-mentioned system of robbery.

The necessity of exchanging products gives the medium of exchange a reciprocal impetus. The more it is accepted, the more it is sought; and the more eagerly it is sought, the more readily it is accepted; each increases the intensity of the other. This produced the first clog in the brain, for the people mistook that impetus for an effect inherent in the metal.



Exchanging blindly, the producer has no means of knowing that he is continually deprived of the larger part of his products. But he sees that the usurer, although he does not produce anything, accumulates wealth, while the producer remains poor. This created another big clog in the brains, for the people mistook the ability to accumulate without producing for some mysterious power inherent in the metal or money.

To strengthen such beliefs, to hide the fraud more securely, the usurer used idiomatic expressions, such as investing money, productive capital, and the like absurdities. The people took these phrases literally, or, rather, they accepted the ideas the usurer thus advanced for facts. This finally clogged up the brains to such an extent that logical reasoning on the subject was no longer possible.

The phantom, money power, had matured, taken hold of the reins of government, and become the sovereign governor of political economy. This is the climax of the economic evil.

When coming generations shall read history and find an account of our management of political economy they will stigmatize the nineteenth century as "the age of folly."

# VII. THE LAND QUESTION.

"All men are born free and equal and endowed by their Creator with certain inalienable rights, among which are life, liberty and the pursuit of happiness." The paramount of these rights is life, for no rights can be of any use to us unless we live.

Life by itself is divine; it is given to us and it is taken from us independent of our will. Hence, by "right to life" we understand only the right to sustain life, the right to produce what we live on.

Inalienable rights cannot be transferred nor destroyed, but the opportunity to exercise them can be cut off. And this is done when we assume a property in God's creation.

The Earth is our God-given home and the cornucopia of all means of existence. In its bowels are stored up the minerals; its waters abound with fish; its surface contains the powers of engendering and maturing grain, fruit and vegetables; it contains and brings forth all the elements out of which labor produces that which supports life and affords comfort. The Earth is the mother, Labor the father of all means of existence. Hence:—

Depriving a man of the free use of land is denying him the right to exist; selling land is like the fish selling the pond to some of their fishy members; paying rent for land is paying for permission





to exist; assuming a property in land is robbing God and men—God of his property, men of their inalienable rights.

The Earth will not give us any of its treasures without labor; land will not yield grain without tillage. A man might have the whole Earth to himself, but, unless he go to work and produce means of existence, he will starve and perish. Then what is the object in holding land for property?

The object is to make labor tributary; land is bought because "money seeks investment." The more essential to existence a thing is, the safer it is to invest in. Since human existence without land is not even imaginable, land is the best thing to invest in.

Holding the land for property is of more importance and more criminous than all the rest of the investing put together. While the other investments rob the laboring man of the product of his labor, investing in land deprives him even of the opportunity to produce. Through this, the landless can only exist by permission of the landholders. This gives the system of robbery stability and perpetuity. If the land were free, that system of robbery would fall, because any one could escape it by simply withdrawing from the mutual mode of producing. The laboring men could withdraw in groups and thus have the benefit of mutual production to some extent and still be out of the reach of investors.

But now the landgrabber holds the laborers while the investor robs them; they can no longer escape, but they must submit to being invested out

of all they can or will produce. This reduces the majority of the people to mere permissionists in their own God-given home. Wherever they go, wherever they put a spade or a plow into the soil they must pay for permission.

The air we still inhale free, and sunshine costs us nothing; but not because God has made the sun and the air free to all—this is also the case with the land—but because they cannot be grabbed. If they could be seized and withheld from us, they would have been invested in long ago, and we would have to pay at least the price of gas for sunlight, and have to pay for every breath we draw, or suffocate.

On what ground of right is land held for property?

"I have bought it and paid for it."

Yes, you got it through exchange, but we have seen before that the mere exchange does not prove property. As to land, how did it get into the market? A thing belongs to its maker until he has disposed of it. The wagon-maker, for instance, is the owner of the wagons he has made, even if he has made them for public use. As long as he refuses to sell them, they cannot be bought; and the only way to get them into the market is to steal them. But in this case the maker remains the *bona fide* owner of them; the seller is a thief, and the buyer, if he knows that the maker has not disposed of them, is as much a thief as the seller.

So with the land. Unless you prove that the Creator disposed of it, the land is still His, and all men are equally entitled to the usufruct of it; property in land is stolen property, and the buyer is as



much a thief as the seller. Your deeds and titles lack the original patent. All that you can prove by them is that the government is the original thief.

If the mind was not incumbered and a small minority of the people would say, (as they now virtually do say), "This world is ours, and if you want to live in it and raise your victuals on its soil you must buy a piece of it from us, or pay us a rent for using a piece of it," we would simply ignore such arrogance, or, in case of need, put that little minority into a lunatic asylum. But now all are actuated by a phantom, capital, and this makes landgrabbing, and with it the whole system of robbery, possible and practicable.

"The land shall not be sold forever; for the land is mine; for ye are strangers and sojourners with me." Levit. xxv: 23.

In Moses' time the artificial medium did not exist, and the ancient Hebrew has no equivalents for "sell" and "buy." The *kanah*, which the translators have rendered "sold," means to erect, to establish, to acquire. The land was then let to individuals for a term of forty-nine years. At the end of that time it reverted to the government, and was let anew. Hence it was held under what we call a government lease. Since nobody owned land, nobody could sell land. A man could only transfer his lease for the remaining time he had in forty-nine years. The meaning of the original text is: "the land shall not be *leased* forever." Leasing it forever is forbidden, because it is of the same effect as our selling it.

Serious a matter as landgrabbing is, it is only

part and parcel of that system of robbery. Since the natural basis of exchange wipes out that system, it cures also this part of the economic evil, because without that system of robbery property in land has no longer an object.

## STATE AND GOVERNMENT.

The original form of the state is monarchial, but not the monarchy of to-day. Originally, the man who was best fitted for the post was chosen, or rather became through his fitness and capacities, the leader and umpire of the tribe or nation.

The modern chief gets his office through inheritance. This excludes fitness and capacity. The imbecile, the wretch, becomes the ruler of the nation, whenever he happens to be the heir. Formerly only the idolized emblems (crown, scepter, throne) were inheritable, but it is a sad circumstance that in the course of time the government of the people has become annexed to them like an unimportant appendage.

The feudal system, which took its beginning in the fifth century, created a caste, or castes, known by the collective name of Blueblood. Holding the control over the land, being invested with outrageous privileges, and having jurisdiction and power of taxation in their own hands, the Bluebloods became the stain and bane of the country and a terror to the people. Their life was one of licentiousness, revelry and carousal, while the peasantry were taxed to death to foot the bills.

The peasant saw his growing fields tramped



down by the Bluebloods' horses, while he could not say a word in defense of his property without being lashed, or imprisoned, or killed for it. The people were deprived of any and all rights. In his history of the feudal system, Chambers says: "that a feudal lord, on his return from a chase in winter, disemboweled a vassal, that he might keep his feet warm in the reeking trunk during the evening revel."

Such circumstances have a tendency to open the eyes of even the dullest. To guard against this, the canard was invented that God himself had ordained such infernal government. What a blasphemy! However, believing that their misery was providential, the people bore it with remarkable patience.

Still freedom is natural and the desire to enjoy it cannot be entirely eradicated from the mind. It revived again and again until finally some nations cast off the despots and the Bluebloods, and took the reins of government into their own hands. Are these now free men?

I venture to say that a more perfect democracy than laid down in the Constitution of the United States of America has never existed. Every article of that instrument says virtually, "*the will of the people shall be the law.*" That will is expressed at the polls; the principal officers are chosen by popular elections. Since you laboring men constitute a large majority of the people, the government lies in your own hands. There is not an officer in the country but has received his office directly or indirectly from your hands; there is not a man in our legislative bodies but you have sent him there. What

more is there obtainable for you in the line of politics?

Yet you complain of oppression and extortion; you claim that a money aristocracy have taken the places of despots and Bluebloods. How do such things become possible since you cast the majority vote? Are that handful of men, the money aristocracy, stronger than the laboring masses?

True, there now exisists a powerful subjugating machinery, viz.: police, constabulary, sheriffs and other catchpolls; shackles, chains, and other fetters; calabooses, jails, penitentiaries and other dungeons; the gallows and its equivalents; and finally the soldier, for even he is degraded to a tool of oppression. But is not that machinery composed of laboring men or men of that class? Is not the power in it your own power? The laboring men are the nucleus of any nation. The state has no power but that residing in the laboring men.

It is not a money aristocracy that oppresses and abuses you, but the phantom of capital. That phantom rules through you; it rules the state because it rules and actuates you individually. As the Puritans killed one another to fight witches, so you kill one another to fight capital; and as the witches prevailed until they were found to be a delusion, so capital will prevail until you shall have found that it is a nonentity.

We are our own oppressors. Sound-minded people can not be held in subjection, not even by superior force, for they will rather die in defense of their rights than eke out the miserable existence of a slave. But as long as the mind is enslaved, freedom is impossible.

# CONCLUSION.

Considering that civilization is now a mass of confusion and corruption, we might conclude that to bring about natural order would be an enormous task, if not an impossibility. But this is not the case. All that confusion has grown out of one single cause, namely, blind exchange. If we simply remove that cause, *i. e.*, adopt the natural basis of exchange, that confusion will disappear; everything will be cured radically and forever.

The only question is: Will our distorted minds permit us to take that step? I am not able to answer this question, but I have one consolation: Nature cures every evil itself. In nature, there is neither cessation nor retrogression. Any evil will diminish or die out, or it will grow and keep growing until it becomes unbearable. Then nature will throw it off in some way. The economic evil is almost unbearable now and is growing more so every year. Hence its end cannot be far off. We can only decide whether we will take the step and thus cure the evil without war and bloodshed, or leave it to nature and thus be galled with wars and rebellions unceasing until its end shall have come through them.

When finally the fog which now envelops our understanding shall have cleared away, the long-

wished-for happiness in freedom, justice and equality will come. There will be no capital and, consequently, no system of robbery. Property in land will no longer have an object; riches will lose not only their charm, but even themselves. Hence, nobody will yearn for money, nobody will work "to make money;" there will be time for rest and enjoyment, and, with God's creations free and accessible to all, the people will grow healthy and strong in body and mind; the better emotions of the heart will revive and become the governing spirit. Hence, demoralization will die with the phantom that bore it; crime will be a rare exception or cease entirely; and penitentiaries, poorhouses and lunatic asylums will stand only as memorials reminding coming generations of the terrible phantom under which humanity now suffers and groans.

# APPENDIX.

"What shall take its place? You tear down the present system but you fail to build up a new one."

Since writing this pamphlet I have been asked questions similar to the above. The experience we have had with the present economic system affords something of a negative guide in building up a new one, but many a conclusion can only be got by experimenting. As the ancient Romans were led to reject animals for bronze, so with things in the production of which nature and labor co-operate we shall have to reject value for labor until experience shall have established the corresponding denominations.

I shall not undertake to give a description of the coming system. I only propose a new foundation for it; namely, the natural basis of exchange. So long as we build on that foundation the new structure cannot prove a failure. We may have to tear down parts and rebuild them, but in the end we shall have the perfect system. My object is only to present the matter for public discussion. Public discussion will either kill the proposition or bring out a definite plan for the new system. We must build up as we tear down, so as not to bring about an economic chaos.

Since our errors respecting political economy are as old as civilization and have become "second

nature" to us, we can not expect to build up a perfect system in one year or even in one generation. We can only make a beginning, and we can not progress any faster than study and experimenting will relieve us of our mental incumbrance. It is inevitable that some of the first results of adopting a new basis of exchange will be somewhat unpalatable, but the results will be better and better every year. However, generations will probably come and go before the best results will have been realized.

I will now give a few hints which may aid in establishing a better system. I said, adopt the natural basis of exchange, and all else will come to a natural order of its own accord. By this I do not mean to say that we could not or should not do anything toward hastening on a better state of affairs.

It would be poor policy to let wrongs be wrongs until they right themselves. We want to act, aid natural development as much as we can; but we want to do it in a brotherly spirit, remembering that the laboring man himself is as much to blame for his misery as anyone else.

Respecting property, labor can hardly do an injustice. The vast wealth now held by a comparatively few individuals is the aggregated product of labor. The war of "labor vs. capital" is a contention of producer against product. If labor should take all that labor has produced it would only take its own. All the wealth now existing would not cover the loss labor has suffered during the present economic system. But the laboring men who have contributed to that wealth can not be compensated;



millions of them are dead. Hence, wealth that has taken on a public character, like railroads, for instance, becomes by the nature of the case public property, and I deem it proper and right for the state to declare it such. Compensation can not be demanded, because that wealth is booty taken from labor.

By "state" I mean the whole people organized into a political body.

All means of existence are derived from land; human existence without land is impossible. Since the Creator never disposed of his land, all men are equally entitled to the usufruct of it. Hence, it is proper and right for the state to declare the land free, assume superintendency over it, and thus re-instate the landless in possession of their God-given home.

The returning of land to its owner, the Creator, does not interfere with farming; it only cuts out land speculation. A permit or lease issued by the (to be established) land-office, will protect the farmer in all real rights, as much as his defective title (all land deeds lack the original patent) does now. Free land affords the opportunity to all who wish to farm, and secures a home to all who desire a home.

As explained before, the universal system of robbery consists in interest, profit and rent. The rent system, although but a consequence of the interest and profit system, has become the chief factor in keeping the laboring masses in poverty. If the laboring man could hold his own he would soon have the means to build a house for himself, and through this the rent system would die a natural death.

Under the labor basis of exchange the laborer could no longer be robbed through the profit system. He would, however, still have to pay rent, for some time at least, for that basis would only kill the rent system gradually. Since, in fact, the laboring-man pays rent for his own *bona-fide* property, I take it to be the duty of the state to abolish the rent system at once.

The state has no right to meddle with tools or other private property. The producer is the exclusive owner of his product. When all men shall have equal opportunity to produce, each one will be sure of the full amount of his product and will be free to use it or dispose of it as he sees fit. Then, and only then, shall we be a free people. There is no such thing as freedom without individual independence. The slave is not a free man because he lives in a free country.

At present we propel the ship of state against the stream. This requires much force and consequently much taxation. Under a natural order of the state the ship floats with the stream; a good pilot, with the help of a few assistants, keeps it in its proper course, and taxation amounts to nothing in comparison with the present rate of taxation.

We need not mind capital. The natural basis of exchange secures the product to the producer. If, then, capital exists and is productive, let the capitalist have all it produces. All that the laboring man asks, and all that he needs, is the product of his own labor.

FINIS.

END OF
TITLE